



Regional Office Release

A Column By SBA Regional Administrator Nuby Fowler

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Small Business Grants? Look no further.

Nuby Fowler, SBA Southeastern Regional Administrator

The airways bombard us with messages about free money and how we can start a small business by taking advantage of the millions in tax dollars Uncle Sam hands out each year. Subscription web sites entice us to sign up to learn the secrets of getting government grants to start and expand our business. Self proclaimed experts travel the county offering seminars that can train you to break through the federal bureaucracy in search of those hidden programs that are so shrewdly concealed from the general public. Chances are even your local library has no shortage of publications that promise easy money just for the asking.

Unfortunately, there is considerable misinformation advancing the notion of large federally funded grant programs for small businesses. It is even more unfortunate that many well-intended entrepreneurs take the bait and find themselves in dead end searches for grants that don't exist. In truth, federal programs are available to assist small businesses and to help them access the capital they need to start and expand. But those funds come in the form of loan guaranties, not grants.

Through a network of participating banks and other lending institutions across the county, the U.S. Small Business Administration is the nation's single largest source of capital for small business starts and expansions. The SBA guarantees billions of dollars in loans to small businesses each year. These SBA-backed funds are at work every day in every region of the country, building communities and creating jobs.

Qualifying for SBA financing requires solid personal and business credit, a reasonable amount of equity to invest in the venture, and collateral to help protect the lender -- and the taxpayers -- against loss. For borrowers who are eligible and qualify, the SBA can guarantee as much as 80 percent of general business loans up to \$2 million. Loan proceeds can be used for most business purposes, including working capital, machinery and equipment, furniture and fixtures, land and building, leasehold improvements, and in some cases debt refinancing. Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets. Interest rates, while capped, are negotiated with individual lenders. Fixed asset loans are also available with lower equity requirements at fixed rates for periods of up to 20 years.

Getting the facts about how your business can benefit from SBA-backed financing is easier than you may think. The SBA's web site, www.sba.gov is a great resource for businesses seeking capital. You will find a complete description of all of the SBA's financing programs and a list of participating SBA lenders in your state. Likewise your local SBA office can direct you to the right source for advice and technical assistance on seeking an SBA-guaranteed loan.

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This column is the second in a series of opinion-editorials written by SBA Regional Administrator Nuby Fowler for publication in the Southeastern United States